

# Is Medicare Advantage Three Card Monte?



By *Chuck Dinerstein* — October 10, 2018



Courtesy of Billy Baque [1]

A walk through old New York will bring memories of Three Card Monte a confidence game, disguised as a game of chance, a variation on the shell game – all one has to do is identify the money card among three faced down cards. It is impossible for the hapless victim to win, the money card is always somewhere else. Could it be that Medicare Advantage programs are a form of Three-Card Monte and physicians are the marks?

Medicare Advantage programs, which cover about 37% of Medicare beneficiaries, cover patient's pharmaceutical costs and may provide additional services, like gym memberships or eye examinations. In exchange for this largesse, the patients are limited on their choice of hospitals and physicians; to facilities and doctors that have financial arrangements with Medicare advantage programs paying them at rates that differ from those they would receive from Medicare directly. Medicare Advantage programs fund their largesse by using actuarial information on their beneficiaries to predict their health expenditures and make Medicare an "offer they cannot refuse." Any cost overruns will be their responsibility [1], and any savings will be split between a Medicare Advantage program and Medicare. But under which of those three cards is the risk?

According to Kaiser Health News, the mark or victim in this game of risk are physicians, especially those who work for physician aggregators, health systems and physician management companies. In the process of creating their networks, Medicare Advantage programs contract with hospitals and physicians. When the opportunity comes along to contract with a large group or aggregation of physicians, that makes the process easier. And since physicians with their pens, scalpels, and needles are the source of costs, and parenthetically the ones closest to the patient, some of that risk, undertaken by Medicare Advantage needs to be born by these "cost centers." You know, skin in the game and all that.

But here is the thing, when it comes to projecting using actuarial data, the basis for the risk assessment, the playing field is so uneven that the visual metaphor to consider is the Himalayas. Physicians have no clue as to predicting the financial expenditure of their patients next year, most of us cannot speak for any length of time about patient's financial expenditures this year. That is not our job. We are mindful, to varying degrees, about the costs that flow from our pens, tools, and decisions but we are unprepared to evaluate this form of risk. Our oath requires us to do the act in the best interests of our patients. Even large health systems do not have the expertise and experience of insurance companies in this area.

As more of these contractual arrangements are created, physicians will be more frequently the ones assessed the bulk of the penalty for cost-overruns; after all, it is their fault, they could have chosen less expensive options. For patients, there may be a silver lining, physicians at risk might make efforts to do a little more surveillance to avoid costly hospitalization. That translates to more time spent with patients and more visits. It all sounds so good, but spending more time requires either more hours at work or more doctors. And we already know that there is a growing shortage of primary care physicians.

The Wikipedia entry for Three-Card Monte captures it best:

*"... a shill pretends to conspire with the mark to cheat the dealer, while in fact conspiring with the dealer to cheat the mark. The mark has no chance whatsoever of winning, at any point in the game. In fact, anyone who is observed winning anything in the game can be presumed to be a shill."*

Medicare Advantage is just another shill in this game of who gets the financial risk.

[1] Actually, to get these programs up and running the Federal government has a separate payment plan to reimburse Medicare Advantage programs for their losses. At least for a while.

**Correction:** A sharp eyed-reader, EH, noted an error I made in stating that Medicare Advantage covers the patient's out of pocket costs. They do not, but they do bundle pharmaceutical costs into their premiums allowing beneficiaries to choose from a list of approved drugs in their formularies or pay additional charges for other "tiers" of drugs. I have corrected the article to reflect the correction of the error. Medicare Advantage, like more recent programs enacted as part of the ACA, has a federal program compensating MA programs with significant losses, it is touted as a premium adjustment program, rather than a risk corridor, the term associated with the more recent ACA

*programs. I made an incorrect statement and I apologize as that was not my intent. I stand by the rest of the article.*

Source: [Medicare Advantage Plans Shift Their Financial Risk to Doctors](#) <sup>[2]</sup> Kaiser Health News

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[1] [https://upload.wikimedia.org/wikipedia/commons/8/8b/Pop\\_Haydn\\_the\\_Shell\\_Game\\_by\\_Billy\\_Baque.JPG](https://upload.wikimedia.org/wikipedia/commons/8/8b/Pop_Haydn_the_Shell_Game_by_Billy_Baque.JPG)

[2] <https://khn.org/news/medicare-advantage-plans-shift-their-financial-risk-to-doctors/>